Factory Audit Checklist 2026: 25 Key Checks Every Global Buyer Looks For

A simple, practical checklist to help manufacturers and exporters prepare for global buyer factory audits and pass supplier compliance inspections with confidence.

Before placing an order, most global buyers send an auditor to check a factory in person. This is called a **factory audit**, and it decides whether a manufacturer is approved as a supplier. In 2026, these audits go far beyond product quality. Buyers now check labour practices, safety systems, environmental compliance, and business documentation before signing any contract.

For Indian manufacturers and exporters, understanding exactly what auditors check can make the difference between winning a global order and losing it. This guide breaks down the 25 most important factory audit checks buyers look for in 2026, explained in simple, easy-to-follow language.

Why Factory Audits Matter More in 2026

Global supply chains are under closer watch than ever. New due diligence laws in Europe and the US, combined with growing consumer awareness, mean brands can no longer ignore how their products are made. A failed factory audit can lead to a cancelled order, a delayed shipment, or the end of a business relationship. A well-prepared factory, on the other hand, builds trust and often wins repeat, long-term contracts.

The 25-Point Factory Audit Checklist

A. Health and Safety Checks

1. Fire safety equipment installed, inspected, and not expired
2. Clearly marked emergency exits that are unlocked and unobstructed
3. Fire drills conducted regularly with proper records
4. First aid kits available and staff trained in basic first aid
5. Personal protective equipment (PPE) provided and actually worn by workers
6. Machine safety guards in place on all relevant equipment
7. Proper electrical wiring with no exposed or hanging cables

B. Labour and Working Conditions

1. No child labour, verified through age documentation of all workers
2. No forced or bonded labour, confirmed through worker interviews
3. Wages meet or exceed the legal minimum wage
4. Overtime is voluntary, properly recorded, and paid correctly
5. Working hours comply with local labour law limits
6. Workers have access to a grievance or complaint system
7. No discrimination in hiring, pay, or promotion

C. Environmental Compliance

1. Valid pollution control board consent and environmental clearance certificates
2. Proper treatment and disposal of wastewater
3. Safe storage and disposal of hazardous or chemical waste
4. Basic energy and water consumption records maintained
5. No visible air or water pollution from factory operations

D. Governance and Documentation

1. Valid business registration and manufacturing licenses
2. Accurate and transparent wage and attendance registers
3. No signs of falsified or duplicate factory records
4. Written anti-bribery and anti-corruption policy
5. Clear visibility of sub-contractors or job-work units used in production
6. A basic ESG or social compliance policy document available on request

How to Prepare Your Factory for an Audit

Passing a factory audit is rarely about last-minute fixes. Auditors are trained to spot practices that were only set up for the audit day. The best approach is steady, ongoing preparation. Here is a simple way to get audit-ready:

- **Do a self-audit first:** Walk through the checklist above honestly before the buyer's auditor arrives, and note any gaps.
- **Fix documentation gaps early:** Update wage registers, licenses, and safety certificates well in advance, not the week before.
- **Train supervisors and workers:** Make sure staff understand safety procedures and know how to answer questions during worker interviews.
- **Keep records consistent:** Attendance, wage, and production records should match across all documents; mismatches are a common red flag.
- **Review sub-contractors:** Confirm that any job-work units or sub-contractors follow the same standards as your main factory.
- **Get outside help if needed:** A pre-audit assessment by an experienced compliance consultant can catch issues before the real auditor does.

Common Reasons Factories Fail an Audit

Most audit failures are avoidable and come down to a few repeated issues:

- Missing or expired fire safety and environmental certificates
- Wage records that do not match actual worker interviews
- Blocked emergency exits or missing PPE on the shop floor
- Undisclosed sub-contractors or hidden production units
- No formal grievance system for workers to raise concerns

Fixing these issues does not usually require large investment. It mainly requires attention, consistency, and a clear internal system for tracking compliance.

Frequently Asked Questions (FAQs)

Q1. What is a factory audit and why do buyers require it?

A factory audit is an on-site inspection where a buyer or third-party auditor checks a factory's safety, labour practices, environmental compliance, and business documentation. Buyers require it to confirm products are made responsibly and legally before placing orders.

Q2. How often do factories need to be audited?

This depends on the buyer, but most global brands re-audit suppliers once a year, or sooner if the previous audit found major issues. Some buyers also conduct surprise or unannounced audits to check real day-to-day practices.

Q3. What audit standards are most common for Indian manufacturers?

Common frameworks include SMETA (Sedex Members Ethical Trade Audit), BSCI (Business Social Compliance Initiative), SA8000, and buyer-specific codes of conduct. Most cover similar areas: labour rights, health and safety, environment, and business ethics.

Q4. What happens if a factory fails an audit?

Outcomes vary by buyer and severity of the issue. Minor findings usually require a corrective action plan with a follow-up audit. Major or repeated violations, such as child labour or serious safety hazards, can lead to an order being cancelled or the supplier being removed from the buyer's approved vendor list.

Final Thoughts

Factory audits in 2026 are more detailed and more frequent than ever before. For Indian manufacturers and exporters, treating audit readiness as an ongoing practice, rather than a one-time event, is the best way to protect existing business and win new global buyers. A clean, well-documented, and safely run factory is not just about passing an audit; it is a genuine competitive advantage in today's global supply chain.

If you need help preparing for an upcoming buyer audit or want a professional pre-audit assessment of your factory, UA Consultants can guide you through every step, from gap identification to full audit readiness.